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10 IN THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF ARIZONA

11 United States of America,

Case No.

12 Plaintiff,

(Related case: CV-15-00159-PHX-GMS)

13 v.

14 Dennis J. Sprenger; State of Arizona *ex rel*
15 Department of Economic Security; Bank of
Arizona; Ditech Financial LLC f/k/a Green
Tree Servicing, LLC;

16 Defendants.

17

18 Plaintiff, the United States of America, complains and alleges as follows:

19 1. This is a civil action brought by the United States of America to enforce
20 federal tax liens and a judgment lien for federal tax liabilities against certain real property
21 located at 5108 East Juniper Avenue, Scottsdale, Arizona 85254 (the “Juniper Property”).

22 2. This action is authorized, and requested by, the Chief Counsel of the
23 Internal Revenue Service, a delegate of the Secretary of Treasury, and commenced, at the
24 direction of a delegate of the Attorney General of the United States, pursuant to 26
25 U.S.C. §§ 7401, 7402(a), 7403 and 28 U.S.C. §§ 1340, 1345.

3. This Court has jurisdiction over this action under 26 U.S.C. §§ 7402(a), 7403 and 28 U.S.C. §§ 1340, 1345.

4. Venue is proper in the District of Arizona pursuant to 28 U.S.C. §§ 1391(b) and 1396 because the real property at issue is located in this district, the taxpayer resides within this district, and the tax liabilities at issue accrued in this district.

PARTIES

5. Dennis J. Sprenger, the taxpayer, resides within this judicial district and the jurisdiction of the Court.

6. The State of Arizona *ex rel* Department of Economic Security, Division of Child Support Enforcement, is named as a defendant pursuant to 26 U.S.C. § 7403(b) because it may claim an interest in the Juniper Property.

7. Bank of Arizona is named as a defendant pursuant to 26 U.S.C. § 7403(b) because it may claim an interest in the Juniper Property.

8. Ditech Financial LLC formerly known as Green Tree Servicing, LLC is named as a defendant pursuant to 26 U.S.C. § 7403(b) because it may claim an interest in the Juniper Property.

COUNT 1: FORECLOSE LIENS AND JUDICIAL SALE OF REAL PROPERTY

9. The subject property of this Complaint, the Juniper Property, is commonly described as 5108 East Juniper Avenue, Scottsdale, Arizona 85254, which is located in Maricopa County, and is more particularly described as follows:

Lot 64, of PALOS VERDES RANCH, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 405 of Maps, Page 1 and Certificate of Correction recorded November 5, 1995 in 95-703209 of Official Records.

10. On November 22, 1996, Dennis J. Sprenger acquired the Juniper Property via a special warranty deed that was recorded with the Maricopa County Recorder (Rec.

1 No. 96-0824101). According to the deed, the Juniper Property was acquired as defendant
 2 Dennis J. Sprenger's sole and separate property.

3 11. On November 22, 1996, a disclaimer deed was recorded (Rec. No. 96-
 4 0824102) stating that Silvia M. Sprenger (defendant Dennis J. Sprenger's wife) had no
 5 right, title, interest, claim or lien of any kind or nature whatsoever in, to or against the
 6 Juniper Property.

7 12. On or about the following dates, a delegate of the Secretary of the Treasury
 8 of the United States made the following assessments against Dennis J. Sprenger for his
 9 federal income taxes (Form 1040), for the following periods in the following amounts,
 10 with penalties and interest calculated through December 17, 2019:

Tax Year	Type of Tax	Date of Assessment	Balance Due as of December 17, 2019
1998	1040	02/28/2005	\$4,591.26
2001	1040	02/28/2005	\$113,596.28
2002	1040	02/28/2005	\$254,716.93
2003	1040	11/06/2006	\$107,120.85
2004	1040	11/06/2006	\$74,585.33
2005	1040	04/28/2008	\$270,338.98
		TOTAL	\$824,999.63

13. A delegate of the Secretary of the Treasury of the United States gave notice
 14 of the assessments to and made a demand for payment of the assessments described in
 15 Paragraph 14, above, upon Mr. Sprenger.

16 14. Despite notice and demand, Mr. Sprenger has failed, refused, or neglected
 17 to pay the tax assessments described above in full, and remains indebted to the United
 18 States in the amount of \$824,999.63 as of December 17, 2019, including interest and
 19 statutory accruals, plus such additional amounts as may continue to accrue as provided by
 20 law.

1 15. The failure, refusal, or neglect of Mr. Sprenger to pay the taxes, penalties,
2 and interest assessed against him, following notice of tax assessments and demand for
3 payment of the same, gave rise, as of the dates of the tax assessments, to liens in favor of
4 the United States, pursuant to 26 U.S.C. §§ 6321 and 6322. These liens include all
5 property and rights to property belonging to Mr. Sprenger in an amount equal to the
6 unpaid tax assessments, plus interest and other accruals permitted by law.

7 Notice of Federal Tax Lien Filings

8 16. On or about September 26, 2012, a delegate of the Secretary of the
9 Treasury filed a Notice of Federal Tax Lien with the Maricopa County Recorder's office
10 (Rec. No. 2012-0870900) with respect to the unpaid federal income taxes owed by Mr.
11 Sprenger for the 1998, 2001, 2002, 2003, 2004 and 2005 tax years. The Notice of Federal
12 Tax Lien (Rec. No. 2012-0870900) stated that unless notice of the lien is refiled by
13 March 30, 2015 for the 1998, 2001, and 2002 tax years, the recorded notice shall also
14 operate as a certificate of release as defined in 26 U.S.C. § 6325(a).

15 17. On or about May 19, 2014, a delegate of the Secretary of the Treasury filed
16 a Notice of Federal Tax Lien with the Maricopa County Recorder's office (Rec. No.
17 2014-0322937) with respect to the unpaid federal income taxes owed by Mr. Sprenger for
18 the 1998, 2001, and 2002 tax years, including the same automatic release language and
19 date of March 30, 2015 that was mentioned in paragraph 19 above.

20 18. On or about June 25, 2014, a delegate of the Secretary of the Treasury filed
21 a Certificate of Release of Federal Tax Lien (Rec. No. 2014-40414807) with the
22 Maricopa County Recorder's office to release the duplicative filing of the Notice of
23 Federal Tax Lien (Rec. No. 2014-0322937) with respect to the unpaid federal income
24 taxes owed by Mr. Sprenger for the 1998, 2001, and 2002 tax years.

1 19. On October 9, 2014, a delegate of the Secretary of the Treasury filed a
2 Revocation of Certificate of Release of Federal Tax Lien (Rec. No. 2014-0669669)
3 revoking any automatic release of the 1998, 2001, and 2002 tax liens on March 30, 2015
4 absent the refiling of the notice of the federal tax lien.

5 20. On October 14, 2014, a delegate of the Secretary of the Treasury re-filed a
6 Notice of Federal Tax Lien (Rec. No. 2014-0678695) for the unpaid taxes owed for the
7 1998 tax year, removing the date for any automatic release of the notice.

8 21. On October 14, 2014, a delegate of the Secretary of the Treasury re-filed a
9 Notice of Federal Tax Lien (Rec. No. 2014-0678696) referencing the original filing of
10 the Notice of Federal Tax Lien (Rec. No. 2012-0870900) with respect to the tax liens
11 related to the 2001 and 2002 tax years, and removing the date for any automatic release
12 of the notice.

13 *The United States' Initial Collection Action*

14 22. On January 30, 2015, the United States filed the civil action *United States*
15 *v. Dennis J. Sprenger*, Case No. CV-15-00159-PHX-GMS, in the United States District
16 Court for the District of Arizona seeking a money judgment against Dennis J. Sprenger
17 for his 1998, 2001, 2002, 2003, 2004 and 2005 federal income tax liabilities.

18 23. Mr. Sprenger was properly served with the summons and Complaint and
19 failed to answer or otherwise respond to the United States' Complaint in that action.

20 24. Thereafter, on July 2, 2015, a Default Judgment Order was entered for the
21 full amount of \$668,988.09 as of April 1, 2015, plus statutory additions from the
22 foregoing date, including interest pursuant to 26 U.S.C. §§ 6601, 6621 and 6622, and 28
23 U.S.C. § 1961(c), until the judgment is fully paid.

24 25. The United States recorded an Abstract of Judgment on August 11, 2015,
25 with the Maricopa County, Arizona Recorders' Office, Rec. No. 20150580347.

26. Pursuant to 28 U.S.C. § 3201, the filing of the Abstract of Judgment created a judgment lien in favor of the United States in the amount of the judgment, including costs and interest, against all real property of the judgment debtor, Dennis J. Sprenger, in Maricopa County, including the Juniper Property. The balance due as of December 17, 2019 is \$824,999.63.

Additional Recorded Documents

27. On November 7, 2016, a delegate of the Secretary of the Treasury re-filed a Notice of Federal Tax Lien (Rec. No. 2016-0820967) preserving the priority perfected by the original filing of the Notice of Federal Tax Lien (Rec. No. 2012-0870900) with respect to the tax liens related to the 2003 and 2004 tax years.

28. On June 12, 2017, a delegate of the Secretary of the Treasury re-filed a Notice of Federal Tax Lien (Rec. No. 2017-0425240) preserving the priority perfected by the original filing of the Notice of Federal Tax Lien (Rec. No. 2012-0870900) with respect to the tax liens related to the 2005 tax year.

29. On June 27, 2017, a delegate of the Secretary of the Treasury filed a Revocation of Certificate of Release of Federal Tax Lien (Rec. No. 20170468772) referencing Rec. No. 2014-0678695, the timely re-filed Notice of Federal Tax Lien with respect to the 1998 tax year, noting that any release due to not timely refiling the Notice of Federal Tax Lien is revoked.

30. On June 27, 2017, a delegate of the Secretary of the Treasury filed a Revocation of Certificate of Release of Federal Tax Lien (Rec. No. 20170468774) referencing Rec. No. 2014-0678696, the timely re-filed Notice of Federal Tax Lien with respect to the 2001 and 2002 tax years, noting that any release due to not timely refiling the Notice of Federal Tax Lien is revoked.

31. On August 21, 2017, a delegate of the Secretary of the Treasury filed a Revocation of Certificate of Release of Federal Tax Lien (Rec. No. 20170615164) referencing Rec. No. 2012-0870900, the originally filed Notice of Federal Tax Lien with respect to the 1998, 2001 and 2002 tax years, noting that any release due to not timely refiling the Notice of Federal Tax Lien is revoked.

32. On October 31, 2017, a delegate of the Secretary of the Treasury filed a Notice of Federal Tax Lien (Rec. No. 2017-0806440) with respect to the tax liens related to the 1998, 2001 and 2002 tax years, in the event that the priority obtained by the recording of the Notice of Federal Tax Lien (Rec. No. 2012-0870900), pleading in the alternative to the above allegations, was erroneously released.

Foreclosure on the Juniper Property

33. Despite notice and demand for payment of the judgment, Mr. Sprenger has not made any voluntary payments of such outstanding federal tax liabilities reduced to judgment. Mr. Sprenger owes \$824,999.63, plus statutory accruals, including interest, as December 17, 2019.

34. Except as otherwise provided in 26 U.S.C. § 6323, the federal tax liens have priority over all interests in the Juniper Property acquired after the attachment of the tax liens.

35. Under 26 U.S.C. § 7403(c), the United States is entitled to foreclose its federal tax liens upon the Juniper Property and to receive the proceeds from the sale of the Juniper Property to be applied towards satisfaction of the outstanding and unpaid tax liabilities of Defendant Dennis J. Sprenger.

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1 WHEREFORE, Plaintiff, the United States of America, demands judgment as
2 follows:

3 A. That the United States has valid and subsisting federal tax liens associated
4 with the assessments of federal income taxes, penalties, and interest, with respect to the
5 periods listed in the above paragraphs, which have attached to all property and rights to
6 property, both real and personal, of Dennis J. Sprenger, including the Juniper Property;

7 B. That the United States, based upon the judgment in Case No. CV-15-
8 00159-PHX-GMS and the filing of an Abstract of Judgment, has a valid and subsisting
9 judgment lien against Dennis J. Sprenger which as attached all real property in
10 Maricopa County belonging to Dennis J. Sprenger, including the Juniper Property;

11 C. That this Court enforce the United States of America's tax liens and
12 judgment lien against the Juniper Property described in this Complaint, and that said
13 Juniper Property be sold in accordance with the practice of this Court, and according to
14 law, free and clear of all rights, titles, liens, claims, and interests of the parties hereto,
15 and that proceeds of such sale be distributed, after the costs of sale, to the United States
16 and to other parties in accordance with the law;

17 D. That the United States is awarded the ten percent surcharge permitted under
18 the Federal Debt Collection Procedures Act, 28 U.S.C. § 3011; and,

19 E. That this Court award the United States of America its costs and such
20 further relief as is just and proper.

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1 DATED this 6th day of January, 2020.

2 Respectfully submitted,

3 RICHARD E. ZUCKERMAN
4 Principal Deputy Assistant Attorney General

5 */s/ Nithya Senra*
6 NITHYA SENRA (CA SBN 291803)
7 Trial Attorney, Tax Division
U.S. Department of Justice
8 *Attorneys for the United States of America*

9 MICHAEL BAILEY
10 United States Attorney
11 for the District of Arizona
12 *Of Counsel*

**UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA**

Civil Cover Sheet

This automated JS-44 conforms generally to the manual JS-44 approved by the Judicial Conference of the United States in September 1974. The data is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. The information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is authorized for use only in the District of Arizona.

The completed cover sheet must be printed directly to PDF and filed as an attachment to the Complaint or Notice of Removal.

Plaintiff(s): United States of America

County of Residence: Maricopa

County Where Claim For Relief Arose: Maricopa

Plaintiff's Atty(s):

**Nithya Senra
U.S. Dept. of Justice, Tax Division
P.O. Box 683, Ben Franklin Stn.
Washington, DC 20044
(202) 307-6570**

II. Basis of Jurisdiction:

1. U.S. Government Plaintiff

**III. Citizenship of Principal
Parties (Diversity Cases Only)**

Plaintiff:- N/A
Defendant:- N/A

IV. Origin :

1. Original Proceeding

V. Nature of Suit:

870 Taxes US Plaintiff or Defendant

VI.Cause of Action:

26 U.S.C. 7403

VII. Requested in Complaint

Class Action: **No**
Dollar Demand:
Jury Demand: **No**

**Dennis J. Sprenger ; State of
Arizona ex rel Department of
Defendant(s): Economic Security ; Bank of
Arizona ; Ditech Financial LLC f/k/a
Green Tree Servicing LLC**

County of Residence: Maricopa

Defendant's Atty(s):

VIII. This case IS RELATED to Case Number CV-15-00159-PHX-GMS assigned to Judge G. Murray Snow.

Signature: /s/ Nithya Senra

Date: 1/6/2020

If any of this information is incorrect, please go back to the Civil Cover Sheet Input form using the *Back* button in your browser and change it. Once correct, save this form as a PDF and include it as an attachment to your case opening documents.

Revised: 01/2014